

SENATE BILL 1202
By Womack

AN ACT to amend Tennessee Code Annotated, Title 8, Chapter 4,
relative to privatization of governmental functions and
services.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 8, Chapter 4, is amended by adding
Sections 2 through 7 of this act as a new, appropriately designated part.

SECTION 2. The title of this act is, and may be cited as, the "Privatization Contractor
Public Accountability Act of 1997."

SECTION 3. As used in this part, unless the context otherwise requires:

(1) "Privatization contractor" means any corporation, partnership, firm, or other
business entity which contracts with one or more agencies of state and/or local
government to receive taxpayer funding in consideration for performing specified
functions or providing specified services of a nature which typically have been or would
be performed or provided in Tennessee by employees of state or local government.
"Privatization contractor" does not include any community grant agency as such term is
defined in Tennessee Code Annotated, Section 8-4-101(1).

(2) "Agency of state and/or local government" means any department, agency,
board, commission, authority, unit, or other entity of state or local government.

SECTION 4. In accordance with the Uniform Administrative Procedures Act, Tennessee
Code Annotated, Title 4, Chapter 5, and following consultation with the Tennessee advisory
commission on intergovernmental relations, the comptroller of the treasury shall promulgate

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rules to promote and encourage a high degree of public accountability by each privatization contractor. Such rules shall include, but not necessarily be limited to, rules which shall require each privatization contractor to periodically undertake reasonable, adequate and appropriate actions to notify and inform the public-at-large, as well as the population specifically served or benefited by the privatization contract, that:

(1) the contractor is a corporation, partnership, firm, or business entity which receives taxpayer funding;

(2) the contractor is contractually responsible for performing specified functions or providing specified services which typically have been or would be performed or provided by employees of state or local government; and

(3) any citizen who observes illegal, improper, incompetent, negligent, or wasteful conduct or omissions by the contractor or its employees is encouraged to promptly report such conduct or omissions to the state comptroller's toll-free hotline: 1-800-232-5454.

SECTION 5.

(a) The office of the comptroller of the treasury shall review all telephone calls received pursuant to this part on the toll-free number and shall maintain a record of each meritorious call involving a privatization contractor. The information received through the calls shall be investigated by the comptroller of the treasury or may be referred by the comptroller to the appropriate investigative authority or to the agency of state or local government in contractual relationship with the privatization contractor.

(b) Upon receiving such information, the investigative agency or contracting agency of state or local government shall undertake adequate and appropriate measures to investigate and remedy any illegal, improper, or wasteful activity or omission noted in the information. The agency receiving such information shall submit a written report to the comptroller of the treasury, outlining the findings of the agency's investigation, as well as any remedial action undertaken. A copy of the report shall be

retained by the contracting agency and by the comptroller and shall be appropriately weighed and considered prior to renewing any contract or entering into any other contractual relationship with the privatization contractor.

SECTION 6.

(a) The detailed information received pursuant to this part shall be considered working papers of the comptroller of the treasury and is therefore confidential.

(b) Each year the office of the comptroller of the treasury shall include within the annual report required by Section 8-4-110, a summary of the calls received during the year pursuant to this part. The summary shall indicate the number of calls received, the general nature of the activities and/or omissions reported, the privatization contractors and agencies of state and/or local government affected and, if appropriate, any remedial action taken or proposed. The summary shall include any recommendations of the comptroller with respect to privatization contractors.

SECTION 7.

(a) A privatization contractor in violation of the rules promulgated in accordance with this part shall be subject to a civil penalty of fifty dollars (\$50.00) per day for each day in violation, to be paid entirely from nongovernmental financial resources.

(b) Any person who knowingly provides false information pursuant to the provisions of this part commits a Class C misdemeanor.

SECTION 8. This act shall take effect upon becoming a law, the public welfare requiring it.

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